



## **FARM LIVESTOCK FENCING IMPROVEMENT PROGRAM**

*(Approved March 21, 2003)*

*(Amended December 16, 2005)*

The following guidelines and recommendations have been developed for the creation of county programs seeking to improve the livestock fencing and enhance utilization of previously unproductive farmland in Kentucky with Agricultural Development Funds. Assistance will be in the areas of cost share for boundary fencing improvement, installation, and expansion.

This document provides program goals, eligible items for cost-share, and implementation guidelines for agencies seeking to initiate a local program. Guidelines are considered to be minimum standards by which a program is to be implemented.

Questions concerning these guidelines should be directed to the Governor's Office of Agricultural Policy at (502) 564-4627. Applications for funds must be directed through the local County Agricultural Development Council(s).

### **I. Program Goals**

The goals of the program are to:

- Improve net farm income through improved pasture utilization for livestock producers
- Encourage boundary fencing repair or replacement to allow for expansion of contained pasture and forage up to the standard for livestock containment, thus increasing the herd size and carrying capacity of the farm
- Impact a high number of livestock producers
- Enhance the efficiency and utilization of the current Forage Resource Improvement and Utilization program

## II. Eligible Cost Share Items

A summary of eligible investments that could receive support from Agricultural Development funds within the guidelines stated in this document may include any or all of the following:

1. Posts, fences, and supplies, including woven and wire fencing, not to include plank fencing or gates.
2. No mechanized equipment will be eligible, except as provided by rental or contract
3. Funds will reimburse material expenses and vendor labor. Labor provided by the individual applicant can only be considered for project MATCH. Documented grower labor may be used as match (\$16/hour), not to exceed 25% of total project cost. Applicant labor is NOT eligible for cost-share. [For construction projects].

### Prerequisites

- The installed or improved fencing shall allow for proper livestock containment.
- The installed fencing shall be boundary fence installation or improvement, allowing for increased herd size and carrying capacity of the farm.
- Producers shall conform to the state fencing law, as set out in KRS Chapter 256.
- Interior fencing is not eligible through this program.

### III. Application Procedures and Guidelines

#### A. Guidelines for Local Agency Application for Program Administration

1. The local agency must be qualified and willing to administer the full responsibilities of the program. A tax identification number, a letter expressing a willingness to administer the program, and an indication of specific individuals that will be responsible for administering and reporting on the program must be included in the application.
2. Regional agencies may participate as grantees, if Agricultural Development Councils from the region concur. Regional grantees will be required to account for Agricultural Development Funds on a county-by-county basis and may spend County funds only in the County from whose account funds are drawn, unless the respective County Agricultural Development Council has agreed to fund an expenditure outside its county boundary.
3. The program administrator shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. The program administrator shall indicate who they are and their position within the organization.
4. Either the fiscal agent or the individuals who sign checks for the program shall be bonded or appropriately insured at a level sufficient to cover the amount of the funds being administered. Documentation of bonding or appropriate insurance shall be submitted with the signed legal agreement.
5. The local agency must communicate in the application the activity and scope of existing related county programs supporting livestock fencing and forage improvements that farmers can access through other agencies. Need for a new program must be clearly evident in the application.
6. The *County Model Program Application*, including cover sheet and all other documents specified in the application, must be submitted with a *County Priority Sheet* for new program requests. Requests for additional funds, within the 18-month term of the original agreement, require the *Application Cover Sheet* and the *County Priority Sheet*.

The program administrator shall also submit minutes of a business meeting within the past 12-months where signatory authorization is given to the Authorized Representative listed on the application cover sheet.

7. Agricultural Development Funds contributed to the program cannot exceed 50%, unless the program administrator or the County Council determines that a reduced match is needed for this program.

The Council may approve a reduction in the producer's cost-share for this program to an amount **no less than** 25%. This decision and the cost-share percentages shall be indicated on the *County Council Priority Sheet*, which is sent to the Agricultural Development Board with the application.

8. Counties shall place a dollar cap on the maximum cost share per producer [defined by Social Security Number (SSN) / Tax Identification Number (TIN) and Farm Serial Number (FSN)] for **Livestock Fencing Improvement** of up to **\$5,000** for the 18-month period from the execution date of the legal agreement between the administrator and the Agricultural Development Board. Program Administrators shall choose one of the following methods to calculate the **maximum cost-share per producer** per county and include the chosen method in the application to administer the program.

**Per Acre**

Divide the maximum cost-share (\$5,000 or a lower amount set by the county) by the county's average farm size (as determined by official data of the Kentucky Agricultural Statistics Service), which equals a per acre cost-share amount for the county.

For example, if the county's average farm size is 110 acres and the maximum cost-share allowed is \$5,000, then the county's per acre cost-share amount is \$45.45 per acre ( $\$5,000 / 110 = \$45.45$ ). Therefore, a producer with 10 acres has a maximum amount of \$454.50 of cost-share available to him/her for the 12-month term of the program's legal agreement.

**Per Linear Foot**

For this method, producers must provide a FSA Farm Map with the total distance of the fence being built drawn on the map. The maximum cost-share is \$1.00 / linear foot installed; total reimbursement not to exceed 50% of the project costs.

9. There is a Lifetime Maximum of \$15,000 for this program. "Lifetime Maximum" means that **no producer, defined by Social Security Number (SSN) / Tax Identification Number (TIN) and Farm Serial Number (FSN), shall receive more than \$15,000 in this program, retroactive to the beginning of this program.**

Therefore, any producer who has already received a total of \$15,000 for this program is no longer eligible.

10. Any funds requested for administrative purposes shall not be used to replace the funding sources of existing or established salaries and positions. Program administration funds may be used for costs above and beyond normal duties and salaries that are associated with:
- Processing of producer payments;
  - Processing of producer applications;
  - Completion of program reporting forms;
  - Promotion of program availability;
  - Cost of bonding; and
  - Program compliance activities

One or more local agencies may combine administrative functions to create more efficient programs of grant administration.

11. The program administrator shall ensure that commingling of agricultural development funds does not occur. Therefore, the program's funds shall reside in a unique and separate bank account from any other account.

Administrators who are the fiscal agent for multiple counties may keep at a minimum one account per county. However, one account per program per county is preferred.

12. Local program sign-up and advertising shall not occur prior to the execution of the legal agreement between the program administrator and the Agricultural Development Board.
13. Demonstration programs are strongly recommended as part of the Cooperative Extension Service role in the program. The demonstrations should show differences between various fencing types, particularly as they relate to setting up rotational grazing systems. While eligibility to participate need not be explicitly tied to attending a demonstration or educational session related to practices employed, it is strongly recommended that these demonstration programs be a component of this model program.
  - a. Demonstration program promotion should be evident in the application. It is recommended the demonstration be local and on-farm.
  - b. It is recommended that funds be set aside for implementation of the demonstration program, reimbursed by receipt. These costs would not include food for field days, but should be expendables related to the demonstration.

## B. Guidelines for Local Agency Administration

1. After receiving a copy of the executed agreement, there shall be a minimum of two consecutive weeks of advertising with applications being accepted no earlier than two weeks after the date of the first advertisement. This must occur for each sign-up period, if there is more than one sign-up during the duration of the grant agreement.

For example, when the administrator receives a copy of their executed agreement they may begin advertising for sign-ups. If the first advertisement runs January 15, then the first application may be taken January 29.

2. An advertisement must, at the very least, be prominently displayed in the county's newspaper where the most farmers will see it. A copy of the advertisement, which included the name and date of the newspaper, shall be submitted to the KADB staff.
3. The application and program promotion and communication plan should be outlined in the agency's application for Agricultural Development Funds. The application shall be submitted to and approved by the program administrator before the producer can receive reimbursement for any costs incurred.
4. A producer application for the program must be developed by the administrative agency. Award of cost-share funds shall be based upon evaluation criteria. The program administrator will review each application for completeness and score each application according to the evaluation criteria.

Suggested evaluation criteria may include, but not be limited to:

- a. Applicant's level of dependency on tobacco;
- b. Applicant's prior receipt of Agricultural Development Funds;
- c. Percentage of personal income from farming.

5. In cases where there is a waiting list, it is recommended that extra points be part of the scoring system to ensure that those approved, but not receiving funds in the prior 12-month program, receive priority in the new program.

Applicants must indicate their intent to be considered in the new program, or their application will not be automatically rolled over into the new program for funding consideration.

6. Deadlines shall be established for producer application and reimbursement periods so producers have concrete timelines to implement the program. Should they fail to meet the deadlines for reimbursement, they must reapply to be considered for cost-share.
7. Approved producers must submit the Producer Report associated with the program/investments being cost-shared, before reimbursement funds are received.

These Producer Reports are for the Administrator to use in filling out the reports for the program, and to maintain on-file.

8. The program shall be open to all county/regional producers and shall not be tied to participation in any organization.

Administrators shall not reject an application solely based on the applicant's residency, assuming funding is available and the application meets the program guidelines. Administrators shall accept an application if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.

9. Each individual/producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.
10. The program administrator may choose to include eligible model cost-share program expenses for reimbursement on a retroactive basis. However, this retroactive date shall not be more than 12 months prior to the producer's application for this program.
11. Program administrators shall be required to conduct random site visits.
12. Legal agreements between the program administrator and the Agricultural Development Board shall be for a term of 18-months from the execution date of the agreement. There will be no renewals or extensions of this agreement.
13. If funds set forth in the agreement between the Agricultural Development Board and the administrator are not completely utilized within the term of the legal agreement, then remaining funds, including interest, shall be returned to the Agricultural Development Board for redeposit into the county's account.

Checks should be made payable to the **Kentucky State Treasurer**.

14. Any and all interest earned on funds for this program shall be applied to this program.

Any remaining funds, including interest income, shall be returned to the Agricultural Development Board for redeposit into the county's account at the end of the term of the agreement. All interest earned shall be reported on a semi-annual basis.

15. **Reporting: Mid-term Reporting**, which includes *the Model Program Summary* and *Fiscal Detail Report*, is required of the program administrator 6-months after the execution date of the legal agreement. Reporting forms can be downloaded from [http://agpolicy.ky.gov/funds/program\\_reporting.shtml](http://agpolicy.ky.gov/funds/program_reporting.shtml). These reporting forms shall be submitted electronically to [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov) or on a diskette mailed to Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601.

A **reconciliation report** is due 60 days after the term of the agreement. The reconciliation report includes, but is not limited to, the *Model Program Summary* and the *Fiscal Detail Report* for any payments made since the last submitted Mid-term Report. Also, copies of bank statements with check numbers and amounts shall be kept on file according to the legal agreement and presented in the event of an audit. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

The **Close-out** of this agreement may occur when the above is completed and verified, and any programmatic data due from producers is submitted on the Close-out Data Report. This final close out may occur at a date beyond the reconciliation, depending on the program.

16. Model program guideline compliance and semi-annual reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, county model programs may be audited on a random basis. The administrator shall produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents related to this program's account.
17. For this program, the program administrator may **distribute awards** to applicants in **multiple increments**, similar to the "Hay, Straw, & Commodity Storage" program.

### C. Guidelines for Producer Application Development by Local Agency

1. A producer application for the program shall be developed by the local agency. The application and program promotion and communication plan shall be outlined in the agency's application for funds under the model program.
2. The producer application must be signed and dated by the producer and must include a date/time stamp from the program administrator, as well as the initials of person logging in the application.
3. Postmarks or dated letters of application shall not override the stamp applied by the administrative body.
4. A producer application from an individual without a Tax ID (TIN) / Social Security (SSN) Number and Farm Serial Number (FSN) will be considered incomplete.

For all capital construction projects/improvements, the land owner **must** be the

applicant.

5. The producer application shall clearly state all pertinent requirements, including evaluation criteria.
6. A statement regarding the understanding of requirements by the producer and verification of the producer's total cost-share awarded under this program shall be included with the application. The **Producer Certification Form** (Appendix A) must be included in the producer application for this program.

#### **D. Producer Funding Guidelines**

1. Fund distribution to producers will be on a reimbursement basis.
2. The producer shall supply a numbered and dated receipt indicating buyer and seller information in order to be eligible for payment. Payment shall only be made for eligible cost-share items identified in Section II of these guidelines.
3. Producers who intend to take part in the program shall supply a Social Security (SSN) or Tax ID TIN) number and Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Agricultural Development Board.

The Agricultural Development Board recognizes every applicant's right to privacy and understands it's obligation to keep applicant/producer information confidential. Any information provided to the Agricultural Development Board or Program Administrator on individual producer applications for model programs, such as the applicant's Social Security / Tax Identification Number, will be kept confidential by authority of the Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

4. Producers shall provide an annual report on the program and maintain ownership of the property for 5 years past the participation date in the program.
5. Should the producer fail to utilize funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next available application. Additionally, the producer must reapply to be considered for cost-share funds.



## Producer Certification Form

*(Producer: Please retain a copy for your records. Administrator: Please keep with producer's application.)*

The overall mission of the Agricultural Development Fund is to help the agriculture community diversify their agricultural operations and increase net farm income. To that end, Model Programs were developed to provide cost-share assistance to individual producers through a local program administrator. To judge the success and impact of these programs, as well as monitor the distribution of these funds, the Agricultural Development Board requires the below information. This information is required for a producer to receive funding.

All confidential information provided by the applicant shall be protected by the Agricultural Development Board and the County Agricultural Development Council, as outlined in the model program guidelines and the Kentucky Open Records Act, KRS 61.870 to 61.884.

|                                  |   |
|----------------------------------|---|
| <b>Name:</b>                     |   |
| <b>Farm Serial Number (FSN):</b> | <b>Social Security (SSN) / Tax ID (TIN) Number:</b> |
| <b>Farm Address:</b>             |   |
| <b>Farm County:</b>              |   |

### Funds Received through This Model Program

Please list all funds received through the \_\_\_\_\_ (specify program)  
model program by year in this or any other county.

|                      |                 |                        |
|----------------------|-----------------|------------------------|
| <b>2001-2004: \$</b> | <b>2005: \$</b> | <b>Total Funds: \$</b> |
|----------------------|-----------------|------------------------|

**If this form is being used for the Cattle Genetics Improvement Program, then please list the number of bulls received, in addition to the above funding information.**

|                    |
|--------------------|
| <b># of Bulls:</b> |
|--------------------|

*Note: Please refer to the model program guidelines for 12-month term maximums and lifetime program maximums.*

**I, \_\_\_\_\_, hereby certify that I have read all of the terms and requirements for this program and agree to follow the guidelines. I understand that I am required to provide all of the above information prior to participation in this program.**

**I also certify that I have not received funds for this model program from another county for the above FSN within the last 12 months<sup>1</sup>.**

**I agree to use the funds I receive in the manner intended by the Agricultural Development Board and the Program Administrator. I further agree to provide copies of invoices, receipts, cancelled checks, etc. to the Program Administrator.**

**I will report the progress and results of these improvement practices and any resulting economic value to my operation.**

|                      |              |
|----------------------|--------------|
| <b>Signature:</b>    | <b>Date:</b> |
| <b>Name Printed:</b> |              |

<sup>1</sup> Note: Hay, Straw, & Commodity Storage and Farm Livestock Fencing participants shall not have received funds within the last 18-months.